

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

**FILED**

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US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re	)	
	)	Chapter 11
W.R. GRACE & CO., et al.,	)	
	)	Case No. 01-01139 (JJF)
	)	(Jointly Administered)
Debtors.	)	

STATE OF NEW YORK     )  
                                      ) ss.:  
COUNTY OF ERIE         )

**SUPPLEMENTAL AFFIDAVIT OF KEVIN M. HOGAN PURSUANT TO  
FEDERAL RULE OF BANKRUPTCY PROCEDURE 2014**

Kevin M. Hogan, being duly sworn, upon his oath, deposes and states as follows:

1. I am an attorney and member of Phillips, Lytle, Hitchcock, Blaine & Huber, LLP, located at 3400 HSBC Center, Buffalo, New York, 14203 (the "Firm").
2. On April 2, 2001, Debtors filed a voluntary petition for relief ("Petition") in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. Sections 101 et seq. (the "Bankruptcy Code").
3. On April 2, 2001, Debtors also filed *Application of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 1107(a) and 1108 Authorizing the Debtors to Employ and Compensate Certain Professionals Utilized in the Ordinary Course of the Debtors' Business (the "Application")*. The Application noted that the Ordinary Course Professionals would not be involved in the administration of the Chapter 11 Case, and would only provide services in connection with the Debtors' business operations or services ordinarily provided by in-house counsel to a corporation.

4. This Court entered an Order approving the Application on May 3, 2001 (the "May 3<sup>rd</sup> Order").

5. On May 15, 2001, pursuant to the May 3<sup>rd</sup> Order, I executed the *Affidavit Under 11 U.S.C. § 327(e)* in support of the employment and retention of the Firm as special environmental counsel (the "Initial Affidavit") to the Debtors in the above-referenced case. The Initial Affidavit was entered on this Court's docket on June 8, 2001.

6. In the Initial Affidavit, the Firm stated that it would inform this Court of the discovery of any additional facts bearing upon the Firm's representation of the Debtors.

7. Pursuant to Federal Rule of Bankruptcy Procedure 2014, I submit this Supplemental Affidavit concerning a representation undertaken by the Firm at the request of HSBC Bank USA ("HSBC").

Representation of W.R. Grace

8. For several years prior to the filing of the Petition, the Buffalo, New York office of the Firm represented Debtors in a variety of environmental litigations. The Firm's extensive expertise and knowledge concerning state, civil and criminal court litigation involving environmental laws, federal and state administrative proceedings and OSHA compliance rendered it uniquely qualified to represent Debtors in these matters.

9. The Firm currently represents Debtors in two cleanup cost recovery actions brought under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). 42 U.S.C. § 9601 et seq. The Firm serves as plaintiffs' counsel for Debtors in W.R. Grace & Co.-Conn. v. Zotos Int'l. Inc., No 98-cv-0838S(F) (W.D.N.Y. 1998), and serves as defense counsel for Debtors in Seneca Home Meadows, Inc. v. ECI Liquidating, Inc., No. 95-cv-6400L (W.D.N.Y. 1995) (collectively, the "Environmental Litigations").

Representation of HSBC Bank USA

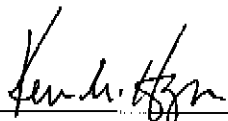
10. The Firm's New York City office has been requested by HSBC Bank USA ("HSBC") to assist with HSBC's sale of its entire interest (totaling approximately \$10.5 million) in certain of Debtors' bank group debt (totaling approximately \$250 million) (the "Debt Sale").

11. The Firm has a longstanding relationship with HSBC as counsel on a variety of transactional, bankruptcy and litigation matters. The Firm, by virtue of both its legal expertise and its relationship with HSBC, is uniquely qualified to represent HSBC in the Debt Sale.

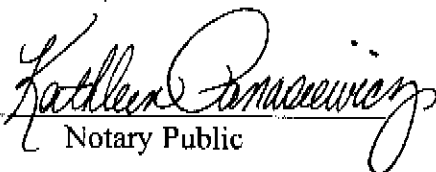
12. The Firm has examined the obligations and duties involved in the representation of the Debtors in the Environmental Litigations and of HSBC in the Debt Sale. PHILBH has concluded that it does not represent or hold any interest adverse to the Debtors, the Debtors' estate or HSBC, with respect to its simultaneous employment and performance of services as special environmental counsel for the Debtors in connection with the Environmental Litigations and as counsel for HSBC in connection with the Debt Sale.

13. The representation of HSBC in the Debt Sale involves the negotiation and closing of a contract to sell HSBC's interest in the bank group debt to a party that is, to my knowledge, unrelated to any of the Debtors. Accordingly, I expect that (i) the Debtors will not be involved in any way with the Debt Sale other than giving their consent to the sale directly to the bank

group's agent, and (ii) HSBC will not be involved in any way in our representation of the Debtors as special environmental counsel.

  
\_\_\_\_\_  
Kevin M. Hogan

Sworn to and subscribed  
before me this 13<sup>th</sup> day of  
November, 2001.

  
\_\_\_\_\_  
Notary Public

**KATHLEEN PANASIEWICZ**  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 12/15/2001

NYC Doc # 245175.2

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